

Message Text

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PAGE 01 BERN 00152 111657Z

73

ACTION EUR-25

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TAGS: EFIN, ENRG, SZ

SUBJECT: SWISS ENERGY/ECONOMIC SITUATION

REF: A) STATE 2951; BERN 104

1. SUMMARY

OIL SUPPLY SITUATION IN SWITZERLAND CONTINUES BE SATISFACTORY;
IMPACT OF RECENT PRICE DECISIONS, HOWEVER, CONTRIBUTING TO
PREDICTIONS OF STAGFLATION FOR SWISS ECONOMY IN 1974. GOS OFFICIALS
CONTINUE STRESS THEIR HOPE THAT MAJOR CONSUMING COUNTRIES WILL BE
ABLE DEVELOP SOLID POSITIONS AND ENGAGE IN MULTILATERAL DIALOGUE
WITH PRODUCERS. WHILE SWISS RELIANCE ON INTERNATIONAL OIL
COMPANIES AND DESIRE SAFEGUARD FUTURE SUPPLIES HAVE STIMULATED
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PAGE 02 BERN 00152 111657Z

CONSIDERATION OF POSSIBLE ALTERNATIVES, EMBASSY DOES NOT ANTICIPATE

ANY FARREACHING CHANGES IN SUPPLY ARRANGEMENTS IN NEAR FUTURE.
END SUMMARY.

2. SWISS FEDERAL COUNCIL AT FIRST 1974 MEETING JAN 9 DECIDED OIL SUPPLY SITUATION DID NOT WARRANT REINTRODUCTION SUNDAY DRIVING BAN BUT GOS WILL CONTINUE OTHER CONSERVATION MEASURES (SPEED LIMIT OF 100 KPH; REDUCED ALLOCATIONS OF 20/25 PERCENT BY IMPORTERS AND DISTRIBUTORS TO CONSUMERS; BUILD-UP OF STOCKS; LIMITS ON HOARDING RESTRICTIONS PREVENTING MOTORISTS FROM NEIGHBORING COUNTRIES COMING INTO SWITZERLAND TO FILL UP; ETC.)

3. SWISS PRESS HAS RECENTLY PUBLISHED FIGURES INDICATING THAT IMPORTS OF MOST PETROLEUM PRODUCTS WERE HIGHER IN NOVEMBER/ DECEMBER 1973 THAN IN COMPARABLE 1972 MONTHS. (DETAILED DATA IN RESPONSE STATE 251108 WILL BE REPORTED SEPARATELY WHEN COMPILED.)

4. SWISS ECONOMY HAD EVEN PRIOR LATEST OIL DEVELOPMENTS BEEN EXPECTED TO SLOW DOWN IN 1974 WITH REAL GROWTH ESTIMATES CENTERING AROUND 3 PERCENT WITH RATE OF INFLATION AROUND 8-9 PERCENT (BERN A-440, NOVEMBER 2, 1973). ANNOUNCEMENT THAT DECEMBER 1973 WHOLESALE PRICE INDEX UP 14.8 PERCENT OVER DECEMBER 1972 WHILE RETAIL INDEX HAS INCREASED 11.9 PERCENT SUGGEST THAT 1974 PRICE RISE WILL BE WELL OVER 10 PERCENT. OBSERVERS NOW ARE SUGGESTING THAT 3 PERCENT REAL GROWTH IS MAXIMUM POSSIBLE. IMPACT OF ENERGY DEVELOPMENTS MOST LIKELY TO BE SIGNIFICANT IN SUCH INDUSTRIES AS CHEMICALS, TEXTILES, AND TOURISM. HOWEVER, SWISS INDUSTRY NOT HEAVILY OIL FUEL-BASED AND, IN ADDITION, TIGHT LABOR MARKET AND CURRENT BACKLOG OF EXPORT ORDERS WILL SOFTEN IMPACT OF SLOWDOWN OVER NEXT YEAR.

5. FOLLOWING JAN 9 FEDERAL COUNCIL MEETING PRESS SPOKESMAN APPARENTLY REMARKED TO JOURNALISTS THAT POSSIBLE FUTURE SWISS BILATERAL OIL SUPPLY ARRANGEMENTS WITH CERTAIN PRODUCERS (E.G. ALGERIA) HAD BEEN DISCUSSED. SPOKESMAN REFERRED JOURNALISTS FOR DETAILS TO DIVISION OF COMMERCE. IN CONVERSATION WITH EMBOFF AFTERNOON JAN 9 AMBASSADOR LANGUETIN SAID WITH SOME FRUSTRATION THAT THERE WAS NOTHING TO THIS REPORT EXCEPT COMMENTS OF MISINFORMED SPOKESMAN AND THAT HE HAD BEEN BUSY MAKING DENIALS TO INQUIRING JOURNALISTS. SOME SWISS JAN 10 PAPERS BRIEFLY MENTIONED STORY WHILE OTHERS IGNORED ENTIRELY. COMMENT: AS EMBASSY LIMITED OFFICIAL USE

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PAGE 03 BERN 00152 111657Z

HAS REPORTED PREVIOUSLY (BERN 5200 AND PREVIOUS), SWISS FROM OUTSET HAVE STRESSED NEED FOR CONSUMER COUNTRY SOLIDARITY AND MULTILATERAL APPROACH IN DEALING WITH CHANGED OIL SUPPLY/PRICE SITUATION. ON THE OTHER HAND, GOS IS ALSO MORE THAN EVER AWARE OF DEPENDENCE ON MAJORS AND NEED TO ASSURE FUTURE SOURCES SUPPLY. WE WOULD NOT BE SURPRISED IF SOME PRIVATE AND/OR UN-OFFICIAL CONTACTS HAVE BEEN MADE WITH SOME PRODUCER COUNTRIES. BUT WE DOUBT THAT GOS HAS ANY PARTICULAR DESIRE PROMOTE ESTABLISH-

MENT SWISS OIL COMPANY OR TO SEEK NEW SUPPLY RELATIONSHIPS.
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